



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
H-05	December 10, 2012	12-066	Original: \$345,756,980 Current: \$299,990,191
FACILITY NAME:		CITY:	
Advocate Christ Medical Center		Oak Lawn	
TYPE OF PROJECT: Substantive			HSA: VII

**PROJECT DESCRIPTION:** The applicants are proposing the construction of a 7-level patient tower including the addition of 50 adult intensive care beds, 17 obstetric beds, and 27 neonatal intensive care beds. The cost of this project is \$299,990,191. **The anticipated project completion date of this project is July 31, 2019.**

This project was deferred from the October 30-31, 2012 State Board meeting. A Type B modification was filed on October 23, 2012. The scope of the modification includes the removal of two levels of the proposed patient tower; the new project includes 7 levels rather than the 9 levels originally proposed. The first level would have housed 36 adult intensive care beds; consequently, the proposed addition intensive care beds as part of this project has been reduced from 108 beds to 72 beds (a net increase of 50 authorized intensive care beds). The second level would have housed 12 obstetric beds and a nursery as well as shell space. These 12 obstetric beds and a nursery will be redeveloped in modernized space rather than in new construction. There is no longer any shell space in the project; However, the addition of pre-stress construction expenses have been included in order to accommodate additional floors in the future should further expansion become necessary.

Total project cost has been reduced by \$45,766,789. Total new construction has been reduced from 388,871 sq. ft. to 308,090 sq. ft.; modernization has been increased from 83,983 sq. ft. to 87,646 sq. ft.

*According to the applicants "the project modification is the result of recent changes in health care delivery, both nationally and at Advocate. Both, Advocate's work as an Accountable Care Organization (ACO) and the development of a coordinated Master Facilities Plan to address the long- and short-term capital needs of the entire Advocate Health Care System has encouraged leadership to review and re-evaluate capital investments and adjust capital fund commitments across the System. As a result of this initiative, the Medical Center's project has been reduced. Even so, the leadership of Advocate Health Care and the Medical Center are confident that the modifications will permit the Medical Center to continue to meet the needs of its very high acuity patient population, will be operationally efficient and conservatively sized, and will facilitate improved safety and overall value to the patients."*

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The applicants are proposing the construction of a 7-level patient tower including the addition of 50 adult intensive care beds, 17 obstetric beds, and 27 neonatal intensive care beds. **The cost of this project is \$299,990,191. The anticipated project completion date of this project is July 31, 2019.**

### WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the cost of the project exceeds the capital expenditure minimum of \$12,182,576.

### PURPOSE OF THE PROJECT:

- The purpose of this project is to address the shortage of obstetric, adult intensive care and neonatal intensive care beds and an overall shortage of space at the hospital.

### NEED FOR THE PROJECT:

- Applicants proposing to modernize an existing facility and add beds to a category of service must:
- Document that the project will serve the residents of the service area,
- Document that the historical utilization for the prior two years is at target occupancy,
- Document rapid population growth in the service area, "Rapid Population Growth Rate" means an average of the three most recent annual growth rates of a defined geographic area's population that has exceeded the average of three to seven immediately preceding annual growth rates by at least 100%.
- Document whether the facility is deteriorated or functionally obsolete;
- That the proposed modernization will meet the State Board target occupancy by the second year after project completion.

### BACKGROUND:

- **Advocate Christ Medical Center** is a 694-bed acute care hospital with a Level I Trauma Center and a Level III Prenatal Center designation and home to Advocate Hope Children's Hospital.
- **In 1996** the applicants established Hope Children's Hospital on the campus of Advocate Christ Medical Center.
- **In August of 2011** the State Board approved Permit #11-019 for a new Ambulatory/Outpatient Pavilion at a cost of \$202,301,558. The purpose of the project was to provide contemporary outpatient care for residents of Oak Lawn and surrounding communities. Advocate Christ Medical Center/Advocate Hope Children's Hospital (ACMC/AHCH), stated that they provided approximately 350,000 outpatient care visits in 2010, most of them in a hospital originally designed for inpatient services.

### COMPLIANCE ISSUES:

- The State Agency notes the applicants are compliant with all reporting requirements for past projects and clinical data.

- CMS completed a full survey of Advocate Christ Medical Center (ACMC, Medical Center) on November 2, 2007. ACMC is addressing the findings of that survey. **The Plan of Correction has been provided by the applicants.** Many of the issues identified in the CMS survey will be eliminated with the construction of the proposed Patient Tower and the subsequent renovation of vacated areas.

#### **PUBLIC HEARING/COMMENT**

- An opportunity for a public hearing was offered on this project; however, no hearing was requested. Additionally, the State Board Staff did receive support letters. Letters of support were also included in the application (pages 8-24). No letters of opposition were received by the State Board Staff.

#### **FINANCIAL AND ECONOMIC FEASIBILITY:**

- The project is to be funded with cash and securities of \$96,481,789 and revenue bonds of \$203,508,402 insured by the Illinois Health Facilities Authority and the Illinois Finance Authority. The applicants provided proof of its A-Bond Rating from Fitch Ratings and Standard & Poor's Ratings services. Audited financial statements were provided by the applicants and sufficient cash is available to fund this project.

#### **CONCLUSIONS:**

- The applicants state the need for the modernization of the facility and the addition of beds is the present lack of adequate space at the facility, the changes in the standard of care, and the increase in the age of population.
- The applicants have documented the proposed project will serve the residents of the facility's service area which encompasses the south and southwest suburbs of Chicago to Peoria on the southwest (157 miles) and Kankakee to the south (50 miles) from the Medical Center and beyond.
- The applicants are proposing to add a total of 50 adult intensive care beds, 17 obstetric beds, and 27 neonatal intensive care beds. These categories of service have been at or above the State Board's target occupancy for CY 2010 and CY 2011.
- There is no rapid population growth in this geographic service area. Projections for these three services were provided by the applicants and are based on a compound average growth rate of the category of service from 2002-2010. Documentation on projection methodology, data sources, assumptions and special adjustments has been submitted to State Board. The growth rate of OB services is 2%, intensive care 5.1%, and neonatal 5.8%.
- The applicants' methodology has been reviewed by the State Board Staff and appears reasonable and attainable by the second year after project completion (calendar year "CY" 2019). The applicants have documented the need for the modernization and it appears the applicant can meet the State Board's target occupancy by the second year after project completion for these categories of service.
- Clinical Service Areas Other than Category of Service indicates that the expansion of these services is necessary to meet the requirements of patient service demand.
- The applicants have addressed a total of 19 criteria and have not met the following.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1110.234 (c) Size of the Project	The Post Anesthesia Recovery stations exceed the State Board standard by 221 GSF per station

**STATE BOARD STAFF REPORT**  
**Advocate Christ Medical Center**  
**Project #12-066**

APPLICATION SUMMARY	
Applicant	Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center, Advocate Health Care Network
Facility Name	Advocate Christ Medical Center
Location	Oak Lawn, Illinois
Application Received	July 31, 2012
Application Deemed Complete	July 31, 2012
Scheduled Review Period Ended	October 1, 2012
Applicants Modified Project?	October 23, 2012
Review Period Extended by the State Agency?	No
Public Hearing Requested?	No
Applicant' Deferred Project?	No
Can Applicant Request Another Deferral?	No
Applicant' Modified the Project?	No

**I. The Proposed Project**

The applicants are proposing the construction of a 7-level patient tower including the addition of 50 adult intensive care beds, 17 obstetric beds, and 27 neonatal intensive care beds. The cost of this project is \$299,990,191. **The anticipated project completion date of this project is July 31, 2019.**

**II. Summary of Findings**

- A. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1110.
- B. The State Agency finds the proposed project appears to be in conformance with the provisions of Part 1120.

**III. General Information**

The applicants are Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center and Advocate Health Care Network. The facility is located at 4440 West 95<sup>th</sup> Street, Oak Lawn in the A-04 hospital planning area. There are 9 other providers of acute care service in A-04. The Illinois Department of Public Health's ("IDPH") August 2012 update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") shows a computed excess of 214 M/S /Pediatric beds, a need for 51 ICU beds, and an excess of 15 OB beds in the A-04 planning area. The State Board's modernization target utilization for M/S beds is

88%, 60% for intensive care beds, and for obstetric beds 75%. Project obligation will occur after permit issuance. **The anticipated project completion date is July 31, 2019.** This is a non substantive project, which is subject to both a Part 1110 and Part 1120 review.

<b>TABLE ONE</b> <b>Advocate Christ Medical Center Bed Utilization</b>										
Category of Service	Authorized Beds	Proposed Beds	Adm. 2011	Patient Days <sup>1</sup> 2011	ALOS	ADC	Utilization Authorized	Utilization Proposed Beds	State Standard	Met Standard?
Medical Surgical	394	394	23,481 <sup>3</sup>	113,723 <sup>3</sup>	4.84	311.57	79.08%	79.08%	88.00%	No
Obstetrics	39	56	5,455 <sup>3</sup>	15,712 <sup>3</sup>	2.88	43.05	110.38%	76.87%	78.00%	No
Pediatrics	45	45	3,553	13,388	3.77	36.68	81.51%	81.51%	75.00%	Yes
Intensive Care	103	153	5,260	32,937	6.26	90.24	87.61%	59.0%	60.00%	No
Rehabilitation	37	37	911	12,536	13.76	34.35	92.82%	92.82%	85.00%	Yes
AMI	39	39	1,453	9,588	6.60	26.27	67.36%	67.36%	85.00%	No
Neonatal	37	64	654	10,910 <sup>2</sup>	16.68	29.89	80.78%	46.70%	75.00%	No
<b>Total</b>	<b>694</b>	<b>788</b>	<b>40,767</b>	<b>208,794</b>	<b>5.12</b>	<b>572.04</b>	<b>82.90%</b>	<b>72.6%</b>		
<ol style="list-style-type: none"> <li>1. Patient Days includes inpatient and observation days.</li> <li>2. Includes only Level III neonatal days.</li> <li>3. Medical surgical and obstetric utilization revised per approval at the June 2012 State Board Meeting.</li> <li>4. AMI beds were reduced from 51 to 39 at the July 2012 State Board Meeting.</li> <li>5. Information found at Page 57 of the application for permit.</li> </ol>										

### **Summary of Support and Opposition Comments**

An opportunity for a public hearing was offered on this project; however, no hearing was requested. Letters of support were included in the application (pages13-53). No letters of opposition were received by the State Agency.

**At the conclusion of this report is the 2011 Annual Hospital Profile for Advocate Christ Medical Center.**

### **IV. The Proposed Project - Details**

The applicants are proposing the construction of a 7-level patient tower including the addition of 50 adult intensive care beds, 17 obstetric beds, and 27 neonatal intensive care beds. The ground level will contain the kitchen and morgue. Level One will contain public space, and a café. Level Two will be for obstetric beds/labor/delivery/recovery, surgical delivery suite, and Phase I recovery. Level Three will be for mechanical space. There is no level Four or Five. Level Six will

house GYN Postpartum/obstetric beds, newborn nursery and shell space. Level Seven will house intensive care beds. Level Eight will also house intensive care beds. The elevator machine room will be located on the roof. All levels will contain non-clinical space. A connector between the existing tower and the new patient tower will provide direct linkage between the two towers at Ground and Level One through Level Eight.

The neonatal intensive care unit and 12 obstetric beds will be redeveloped in existing space.

## V. Project Costs and Sources of Funds

The project is being funded with cash and securities of \$96,481,789 and revenue bonds in the amount of \$203,508,402. Table Two displays the project's cost information. The State Board Staff notes the project consists of both clinical and non-clinical components.

TABLE TWO Project Costs and Sources of Funds			
Project Costs			
	Clinical	Non-Clinical	Total
Preplanning	\$1,240,265	\$3,130,235	\$4,370,500
Site Survey and Soil Investigation	\$86,140	\$177,260	\$263,400
Site Preparation	\$640,200	\$899,800	\$1,540,000
Off Site Work	\$1,578,390	\$3,004,610	\$4,583,000
New Construction Contracts	\$48,461,575	\$92,012,925	\$140,474,500
Modernization Contracts	\$13,805,866	\$15,591,702	\$29,397,568
Contingencies	\$5,072,044	\$11,606,661	\$16,678,705
Architectural and Engineering Fees	\$4,030,778	\$6,803,851	\$10,834,629
Consulting and Other Fees	\$3,462,880	\$6,453,120	\$9,916,000
Movable Equipment	\$38,324,000	\$5,958,000	\$44,282,000
Bond Issuance Expense	\$932,500	\$1,218,100	\$2,150,600
Net Interest Expense	\$5,943,669	\$7,764,054	\$13,707,723
Other Costs to be Capitalized	\$9,452,756	\$12,338,810	\$21,791,566
<b>Total</b>	<b>\$133,031,063</b>	<b>\$166,959,128</b>	<b>\$299,990,191</b>
Sources of Funds			

TABLE TWO Project Costs and Sources of Funds			
Project Costs			
	Clinical	Non-Clinical	Total
Cash and Securities	\$41,834,504	\$54,647,285	\$96,481,789
Bond Issues	\$88,241,243	\$115,267,159	\$203,508,402
<b>Total</b>			\$299,990,191

**State Board Staff Notes** the applicants have provided a complete itemization of the costs listed above at pages 99-100 of the application for permit.

## VI. Cost/Space Requirements

Table Three displays the project's space requirements for the clinical and non-clinical portions of the project. The definition of non-clinical as defined in the Planning Act [20 ILCS 3960/3] states, "non-clinical service area means an area for the benefit of the patients, visitors, staff or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving treatment at the health care facility." No decision has been made on the use of vacated or shell space at the facility.

TABLE THREE Cost Space Requirements							
Department/Area	Cost	Existing	Proposed	New Construction	Remodeled	As Is	Vacant
<b>Clinical</b>							
OB Triage	4,177,175	2,795	5,228		5,228		
Labor Delivery Recovery	12,704,467	9,444	12,063	12,063			
C-Section Suite	4,602,874	1,970	3,346	3,346			
Phase I Recovery	1,756,010	7,866	8,869	1,603		7,266	
Obstetric Beds	31,395,331	18,410	35,409	25,845	5,760	3,804	3,112
Newborn Nursery Bassinets	2,514,287	1,275	2,705	1,504	1,201		
Neonatal Intensive Care	18,877,108	6,848	21,657		21,657		
Intensive Care Beds	52,879,848	40,356	76,241	44,631		31,610	8,746
Medical Surgical Beds	1,689,495	103,290	102,229		2,199	100,030	
Morgue	2,434,468	979	2,597	2,597			979
Move to Nonclinical		-1641	0				
<b>Total Clinical</b>	<b>133,031,063</b>	<b>191,592</b>	<b>270,344</b>	<b>91,589</b>	<b>36,045</b>	<b>142,710</b>	<b>12,837</b>



**TABLE THREE**  
**Cost Space Requirements**

Department/Area	Cost	Existing	Proposed	New Construction	Remodeled	As Is	Vacant
<b>Clinical</b>							
Administrative	21,287,289	13,701	35,196	21,495	13,701		
Storage, Processing, Distribution	35,144,896	11,570	64,378	52,808	11,570		
Public Amenities	74,797,690	19,385	103,793	84,408	19,385		
Building Components	35,729,253	6,945	64,735	57,790	6,945		
Shell Space	-		-	-	-		
<b>Total Non Clinical</b>	<b>166,959,128</b>	<b>51,601</b>	<b>268,102</b>	<b>216,501</b>	<b>51,601</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>299,990,191</b>	<b>243,193</b>	<b>538,446</b>	<b>308,090</b>	<b>87,646</b>	<b>142,170</b>	<b>12,837</b>

## **VII. Safety Impact Statement/ Charity Care**

The applicants provided a safety net statement at pages 372-380 of the application for permit. The applicants stated in part *"all of Advocate Christ Medical Center capital expansion projects are centered on increasing capacity to provide more services to the South Market communities and expand safety net services. The proposed inpatient bed tower will improve accessibility and increase capacity for safety net services. The Medical Center's development of a Patient Tower should not affect any other facilities' ability to cross subsidize other safety net services. The patients expected to use the services in the Patient Tower historically have been served by ACMC."*

**TABLE FOUR**  
**Advocate Christ Medical Center**  
**Safety Net Impact**

	2009	2010	2011
<b>Charity Care</b>			
Inpatient	360	655	981
Outpatient	1,069	1,477	1,925
<b>Total</b>	<b>1,429</b>	<b>2,132</b>	<b>2,906</b>
<b>Charity Care</b>			
Inpatient	\$7,731,100	\$12,395,400	\$16,292,909
Outpatient	\$1,397,900	\$1,706,800	\$3,226,096
<b>Total</b>	<b>\$9,129,000</b>	<b>\$14,102,200</b>	<b>\$19,519,005</b>
<b>Medicaid</b>			
Inpatient	7,969	8,038	7,784
Outpatient	76,306	81,623	76,133

<b>TABLE FOUR</b> <b>Advocate Christ Medical Center</b> <b>Safety Net Impact</b>			
<b>Total</b>	<b>84,275</b>	<b>89,661</b>	<b>83,917</b>
<b>Medicaid</b>			
Inpatient	\$75,262,244	\$90,817,092	\$82,665,000
Outpatient	\$5,823,286	\$4,763,963	\$4,849,000
<b>Total</b>	<b>\$81,085,530</b>	<b>\$95,581,055</b>	<b>\$87,514,000</b>

<b>TABLE FIVE</b> <b>Advocate Christ Medical Center Charity Care</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>
Net Patient Revenue	\$871,478,000	\$913,879,000	\$880,368,000
Amount of Charity Care	\$32,556,000	\$49,393,000	\$54,888,000
Cost of Charity Care	\$9,129,000	\$14,102,200	\$19,519,005
Charity Care % of Net Patient Revenue	1.05%	1.54%	2.22%

#### **VIII. Section 1110.230 - Background Project Purpose and Alternatives**

The information requirements contained in this Section are applicable to all projects except projects that are solely for discontinuation. An applicant shall document the *qualifications, background, character and financial resources to adequately provide a proper service for the community* and also demonstrate that the project promotes the *orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities or service.* [20 ILCS 3960/2]

##### **a) Background of Applicant**

- 1) An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFPB shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to

**acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").**

The applicants are Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center. The applicants have provided the necessary documentation as required by the State Board rules. The applicants provided attestation that no adverse actions have been taken against their facilities owned and/or operated by the applicants during the three years prior to the filing of the application, and authorization permitting IHFSRB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted.

**The applicants stated** *"CMS completed a full survey of Advocate Christ Medical Center (ACMC, Medical Center) on November 2, 2007. ACMC is addressing the findings of that survey. The Plan of Correction has been provided by the applicants. Many of the issues identified in the CMS survey will be eliminated with the construction of the proposed Patient Tower and the subsequent renovation of vacated areas. Several deficiencies are impractical to correct. These include insufficient concrete floor thickness to provide 2-hour floor to-floor rating, vertical shafts (including stairways of less than 2-hour rating, as well as a few oversized smoke zones and excess travel distances on the first and lower levels. These deficiencies are being addressed by completing the installation of a full coverage, quick response automatic sprinkler system for the entire existing hospital building and establishing fire rated corridors as required by and approved Fire Safety Equivalency System Analysis."*

**b) Purpose of the Project**

**The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.**

- 1) The applicant shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project. Examples of such information include:**

- A) The area's demographics or characteristics (e.g., rapid area growth rate, increased aging population, higher or lower fertility rates) that may affect the need for services in the future;
  - B) The population's morbidity or mortality rates;
  - C) The incidence of various diseases in the area;
  - D) The population's financial ability to access health care (e.g., financial hardship, increased number of charity care patients, changes in the area population's insurance or managed care status);
  - E) The physical accessibility to necessary health care (e.g., new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).
- 2) The applicant shall cite the source of the information (e.g., local health department Illinois Project for Local Assessment of Need (IPLAN) documents, Public Health Futures, local mental health plans, or other health assessment studies from governmental or academic and/or other independent sources).
  - 3) The applicant shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being. Further, the applicant shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals.
  - 4) For projects involving modernization, the applicant shall describe the conditions being upgraded. For facility projects, the applicant shall include statements of age and condition and any regulatory citations. For equipment being replaced, the applicant shall also include repair and maintenance records.

This project continues the modernization of the Advocate Christ Medical Center. **In August of 2011** the State Board approved Permit #11-019 for a new Ambulatory/Outpatient Pavilion at a cost of \$202,301,558. The purpose of the project was to provide contemporary outpatient care for residents of Oak Lawn and surrounding communities.

The **purpose** of this project is to address the shortage of obstetric, adult intensive care and neonatal intensive care beds and an overall shortage of space at the hospital. According to the applicants the new beds and services are needed to:

- To address the shortage of 51 intensive care beds in the planning area (A-04),
- To address the aging population –both total adult population and women in the older childbearing age cohorts,
- To meet the needs of the current patients that cannot be admitted because of the Medical Center’s high census,
- To allow new life saving procedures and techniques to be implemented, and
- To treat other patients who have historically been too sick for many procedures and techniques.

The applicants identified **three market areas**, the primary and secondary areas and a regional market area. The Medical Center defines the primary service area as 75% and the secondary service area as 10% of where its inpatient population resides. The regional market extends throughout the south and southwest suburbs of Chicago to Peoria on the southwest (157 miles) and Kankakee to south (50 miles) from the Medical Center and beyond.

TABLE SIX					
Patient Origin by Category of Service					
Service Area	Total %	ICU %	OB/GYN %	NICU %	M/S %
Primary Service Area	68.80%	61.70%	63.60%	43.70%	74.40%
Secondary Service Area	14.90%	16.10%	16.90%	17.30%	13.80%
Other Illinois	14.60%	18.60%	18.20%	32.30%	10.30%
Other States	1.80%	3.60%	1.30%	6.70%	1.50%

According to the applicants approximately 50% the population in the service area are minorities and the proportion of low income households is higher in the Medical Center’s service area than the State of Illinois and the Chicago Metropolitan Area. See pages 110-127 of the application for permit for a complete discussion of the purpose of the project and the demographics of the market areas.

**c) Alternatives to the Proposed Project – Information Requirements**

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

- 1) Alternative options shall be addressed. Examples of alternative options include:
  - A) Proposing a project of greater or lesser scope and cost;
  - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
  - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
  - D) Other considerations.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.
- 3) The applicant shall provide empirical evidence, including quantified outcome data; that verifies improved quality of care, as available.

The applicant considered five alternatives for the modernization of the Medical Center:

1. Develop a new hospital on the Advocate Southwest Medical Campus in Tinley Park/Orland Park – \$202 Million
2. Utilize Other Health Care Resources – No Cost
3. Expand the existing campus with a Single New Patient Tower for Inpatient and Outpatient Services – \$202 Million
4. Expand the existing campus with both Adult and Pediatric Inpatient Facility Expansion as Phase I -\$398.8 Million
5. Expand the existing campus with both Adult and Pediatric Inpatient Facility Expansion as Phase II -\$398.8 Million

6. Develop a 9-Level Patient Tower - \$345.8 million
7. **Develop a 7-Level Patient Tower - \$299,990,191**

The **first** alternative was submitted as project 03-086 and was turned down by the Illinois Health Facilities and Services Review Board. The **second** alternative was rejected because other health care resources do not have the resources to address the issues identified by this project. The **third** alternative was rejected because a single facility would continue to comeingle inpatient and outpatients. The **fourth and fifth** alternatives were rejected because these alternatives would not alleviate the space issues identified by the proposed project to be remedied. The sixth alternative was rejected because of changes in the healthcare environment and a re-evaluation of capital needs and fund commitments across the Advocate System. As a result of this Systemwide initiative, the project was reduced. The seventh alternative is the alternative of choice.

IX. **Section 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space**

A) **Criterion 1110.234 (a) - Size of Project**

- 1) **The applicant shall document that the physical space proposed for the project is necessary and appropriate. The proposed square footage (SF) cannot deviate from the SF range indicated in Appendix B, or exceed the SF standard in Appendix B if the standard is a single number, unless SF can be justified by documenting, as described in subsection (a) (2).**
- 2) **If the project SF is outside the standards in Appendix B, the applicant shall submit architectural floor plans (see HFSRB NOTE) of the project identifying all clinical service areas and those clinical service areas or components of those areas that do not conform to the standards. The applicant shall submit documentation of one or more of the following:**
  - A) **The proposed space is appropriate and neither excessive nor deficient in relation to the scope of services provided, as justified by clinical or operational needs; supported by published data or studies, as available; and certified by the facility's Medical Director; or**

- B) The existing facility's physical configuration has constraints that require an architectural design that exceeds the standards of Appendix B, as documented by architectural drawings delineating the constraints or impediments, in accordance with this subsection (a); or
- C) Additional space is mandated by governmental or certification agency requirements that were not in existence when the Appendix B standards were adopted.

**HFSRB NOTE:** Architectural floor plans submitted shall identify clinical service areas or components and shall designate the areas in square footage. Architectural floor plans must be of sufficient accuracy and format to allow measurement. Format may be either a digital drawing format (.dwg file or equivalent) or a measurable paper copy 1/16<sup>th</sup> scale or larger.

TABLE SEVEN						
Gross Square Feet by Department						
Department/Area	Proposed GSF	Number of Beds Stations Rooms	State Standard		Difference	Met Standard
			Per Unit	Total		
Medical Surgical Beds	102,229	394	660	260,040	(157,811)	Yes
Intensive Care Beds	76,241	153	685	104,805	(28,564)	Yes
Neonatal Intensive Care Beds	21,657	64	560	35,840	(14,183)	Yes
Newborn Nursery	2,705	29	160	4,640	(1,935)	Yes
Obstetric Beds	35,409	56	660	36,960	(1,541)	Yes
Labor Delivery Recovery	12,063	15	1,600	24,000	(11,937)	Yes
C-Section Suite	3,346	4	2075	8,300	(4,954)	Yes
Phase I Recovery	1,603	4	180	401	221	No
OB Triage	5,228	12	NA			
Morgue	2,597	1	NA			

The applicants have met the State Board Standard for all services proposing to be modernized except Phase I recovery rooms. The applicant notes the increased gross square footage is due to the increased space for, recovering mother, infant, physicians, nurses and other support staff, and visitors.



**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE SIZE OF THE PROJECT CRITERION (77 IAC 1110.234(a))**

**B) Criterion 1110.234 - Project Services Utilization**

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

- 1) Clinical encounter times for anticipated procedures in key rooms (for example, procedure room, examination room, imaging room);
- 2) Preparation and clean-up times, as appropriate;
- 3) Operational availability (days/year and hours/day, for example 250 days/year and 8 hours/day); and
- 4) Other operational factors.

The applicant has documented by the second year after project completion that services being proposed to be modernized will be the State Board's target occupancy except for medical surgical beds.

**TABLE EIGHT**  
**Utilization by Second Year after Project Completion**

	<b>Number of Beds Stations Rooms</b>	<b>State Standard</b>	<b>Projected Utilization ADC</b>	<b>Second Year After Complete</b>	<b>Utilization</b>	<b>Met Standard</b>
<b>Department/Area</b>						
Medical Surgical Beds	394	88%	337.3/ADC	2017	85.61%	Yes
Intensive Care Beds	153	60%	133/ADC	2017	86.9%	Yes
Neonatal Intensive Care Beds	64	75%	60/ADC	2019	93.75%	Yes
Obstetric Beds	56	78%	48.3/ADC	2017	86.25%	Yes

<b>TABLE EIGHT</b> <b>Utilization by Second Year after Project Completion</b>						
	<b>Number of Beds Stations Rooms</b>	<b>State Standard</b>	<b>Projected Utilization ADC</b>	<b>Second Year After Complete</b>	<b>Utilization</b>	<b>Met Standard</b>
Labor Delivery Recovery	15	400 births/room	5,917/births	2017	98.61%	Yes
C-Section Suite	4	1,500 hrs.	5,142/hrs	2017	85.70%	Yes
Newborn Nursery	24	NA		2017	NA	
Phase I Recovery	4	NA		2017	NA	
OB Triage	12	NA		2017	NA	
Morgue	1	NA		2019	NA	

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SERVICE UTILIZATION CRITERION (77 IAC 1110.234(b))**

**C) Criterion 1110.234 (c) - Unfinished or Shell Space**

If the project includes unfinished space (i.e., shell space) that is to meet an anticipated future demand for service, the applicant shall document that the amount of shell space proposed for each department or clinical service area is justified, and that the space will be consistent with the standards of Appendix B as stated in subsections (a) and (b). The applicant shall provide the following information:

- 1) The total gross square footage of the proposed shell space;
- 2) The anticipated use of the shell space, specifying the proposed SF to be allocated to each department, area or function;
- 3) Evidence that the shell space is being constructed due to:
  - A) Requirements of governmental or certification agencies; or
  - B) Experienced increases in the historical occupancy or utilization of those departments, areas or functions proposed to occupy the shell space. The applicant shall provide the historical utilization for the department, area or function for the latest five-year period for which data are available, and, based upon the average annual percentage increase for that period, project the future utilization of the department, area

**or function through the anticipated date when the shell space will be placed into operation.**

There is no shell space in the project.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE UNFINISHED OR SHELL SPACE CRITERION (77 IAC 1110.234(c))**

**D) Criterion 1110.234 (e) - Assurances**

**The applicant shall submit the following:**

- 1) The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.**
- 2) For shell space, the applicant shall submit the following:**
  - A) Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at that time or the categories of service involved;**
  - B) The anticipated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and**
  - C) The estimated date when the shell space will be completed and placed into operation.**

The applicants have attested that by the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH ASSURANCES CRITERION (77 IAC 1110.234(e))**

**X. Section 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care**

**A. Criterion 1110.530 (b)(2) - Service to Planning Area Residents**

- A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.**
- B) Applicants proposing to add beds to an existing category of service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.**

**B. Criterion 1110.530 (b)(4) - Service Demand – Expansion of Existing Category of Service**

**The number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (b)(4)(A) and either subsection (b)(4)(B) or (C):**

- A) Historical Service Demand**
  - i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;**
- C) Projected Service Demand – Based on Rapid Population Growth:**

**If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand shall be**

**provided. Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFPB.**

### **Patient Origin Information**

The applicants have provided patient origin information for the past 12 months as required and it appears that 50% or more of the patients for all services to be expanded will come from within the service area.

### **Historical Utilization**

The applicants have been able to document that the average annual occupancy rate has equaled or exceeded the occupancy standards for intensive care and obstetric services for the past two years. The applicants did not meet the two year standard for medical surgical beds.

<b>TABLE NINE</b>								
<b>Advocate Christ Medical Center 2-Year Bed Utilization</b>								
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>ADC 2010</b>	<b>ADC 2011</b>	<b>Utilization 2010</b>	<b>Utilization 2011</b>	<b>Ave %</b>	<b>State Standard</b>	<b>Met Standard ?</b>
Obstetrics	39	32.3	43.05	82.80%	110.38%	96.59%	78.00%	Yes
Intensive Care	103	93.0	90.20	90.20%	87.57%	88.89%	60.00%	Yes

### **Projected Service Demand - Rapid Population Growth-Methodology**

There is no rapid population growth in the applicants' geographic service area. The applicants used compound annual growth rate trend lines to estimate the number beds that will be needed in the future for obstetrics and intensive care beds. **The State Board Staff Notes** compound annual growth rate is a pro forma number that provides a "smoothed" annual growth; however utilization can vary year to year sometimes significantly.

### **Obstetric Beds**

The Medical Center currently has 39 authorized obstetric beds. Current utilization in both 2010 and 2011 exceeded the target occupancy rate. Patient days in 2011 justify the need for 56 obstetric beds; the Medical Center is requesting 56 obstetric beds.  $(15,712 \div 365 \text{ days per year} = 43.0 \text{ ADC} \div 78 \text{ percent occupancy} = 56 \text{ beds})$ . Hence, current volume justifies the proposed number of beds.

<b>TABLE TEN</b> <b>Obstetric Beds</b> <b>Historical Utilization</b>					
Year	Beds	Patient Days	Percent Occupancy	Target Occupancy Rate	# of Beds Justified
2010	39	16,287	114.40%	78%	58
2011	39	15,712	110.30%	78%	56

To further document need, the Medical Center prepared a CAGR (compound average growth rate) trend line from 2005 to 2011 (6 years) to 2017 (6 years), the second full year of utilization. This trend line suggested a **2.0 annual growth rate** and the need for 17,636 days or 62 obstetric beds. The Medical Center is conservatively requesting only 56 beds, or 17 more than the current authorized complement of 39 beds. The utilization of the proposed beds will exceed the target occupancy rate by the second full year of utilization.

$$17,636 \text{ days} \div 365 \text{ days per year} = 48.3 \text{ ADC}$$

$$48.3 \text{ ADC} \div 56 \text{ beds} = 86.3 \text{ percent occupancy}$$

### **Intensive Care Beds**

The Medical Center currently has 24 pediatric intensive care beds and 79 adult intensive care beds for total complement of 103 beds. The **State Board Staff Notes** that the State Board does not distinguish between adult ICU and pediatric ICU. Current utilization in both 2010 and 2011 exceeded the target occupancy rate. As part of the project, the Medical Center proposes to increase only the number of adult intensive care beds; the adult bed complement operated at an even higher occupancy than the total bed complement.

<b>TABLE ELEVEN</b> <b>Adult Intensive Care Beds</b> <b>Historical Utilization</b>						
Year	Adult ICU		# of Beds Justified	Adult ICU w/by pass		Target Occupancy
	Patient Days	Percent Occupancy		Patient Days	Percent Occupancy	
2010	26,534	90.20%	122	28,131	97.60%	60%
2011	26,147	87.60%	120	28,262	98.00%	60%

**Current patient days support the need for 120 adult intensive care beds; when by-pass is considered the need is for 129 beds intensive care beds.**

To further document need, the Medical Center prepared a CAGR (compound average growth rate) trend line from 2005 to 2011 (6 years) to 2017 (6 years), the second full year of utilization. **This trend line suggested an annual growth rate of 5.1 percent and the need for 155 adult intensive care without consideration for bypass and 174 beds with inclusion of bypass.** By-pass days were included in the justification for adult intensive care beds in the application, but target occupancy is achieved without their inclusion.

Since the trend line did not fully account for new physicians who would admit to the adult intensive care beds, the Medical Center determined the impact of these new physicians would be 2,162 days by 2017. In determining future need for total intensive care beds, the Medical Center assumed that the utilization of the pediatric intensive care beds would remain constant.

**Based on the above assumptions, the Medical Center calculated a need for 194 total intensive care beds without by-pass and 215 total intensive care beds with bypass.** The Medical Center is requesting 153 total intensive care beds. The utilization of the proposed beds will exceed the target occupancy rate by 2017 the second full year of utilization.

If the State Board accepts the assumptions provided by the applicants the applicants can justify the number of beds being requested for obstetric and intensive care beds.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SERVICE DEMAND CRITERION (77 IAC 1110.530(b))**

**C) Criterion 1110.530 (e) - Staffing Availability**

**The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.**

The applicants provided sufficient information that licensure and JCAHO staffing requirements can be met and the necessary staffing will be available.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE STAFFING AVAILABILITY REQUIREMENTS CRITERION (77 IAC 1110.530(e))**

**D) Criterion 1110.530 (f) - Performance Requirements – Bed Capacity Minimum**

**1) Medical-Surgical**

The minimum bed capacity for a medical-surgical category of service within a Metropolitan Statistical Area (MSA) is 100 beds.

**2) Obstetrics**

**A) The minimum unit size for a new obstetric unit within an MSA is 20 beds.**

**B) The minimum unit size for a new obstetric unit outside an MSA is 4 beds.**

**3) Intensive Care**

The minimum unit size for an intensive care unit is 4 beds.

**4) Pediatrics**

The minimum size for a pediatric unit within an MSA is 4 beds.

The applicants have met the performance requirements as required by this standard.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PERFORMANCE REQUIREMENTS CRITERION (77 IAC 1110.530(e))**

**E) Criterion 1110.530 (g) - Assurances**

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.



The applicants have submitted a signed and dated statement attesting to the applicants' understanding that by the second year after project completion the applicants will achieve and maintain the occupancy standards.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ASSURANCES REQUIREMENTS CRITERION (77 IAC 1110.530(g))**

**XI. Section 1110.930 - Neonatal Intensive Care - Review Criterion**

**a) Staffing - Review Criterion**

- 1) The applicant must document that the personnel possessing proper credentials are available to staff the service.**

**b) Letter of Agreement - Review Criterion. The applicant must document that a letter of agreement with the regional perinatal center for neonatal intensive care services has been signed. Such letter of agreement must fulfill the conditions for such letters found in the Regionalized Perinatal Health Care Code (77 Ill. Adm. Code 640) and be approved by the Department of Human Services. A copy of the letter shall serve as documentation.**

**c) Need for Additional Beds - Review Criterion**

- 1) The applicant must document that the proposed neonatal intensive care beds are needed. Bed need may be documented by any of the following:**
  - A) no neonatal intensive care services exist within the planning area;**
  - B) that for each of the last two years for which data is available, the yearly occupancy rate for the service at the affiliated perinatal center has exceeded the target occupancy rate;**
  - C) existing providers of the service within the planning area cannot provide care to a patient caseload due to a limitation on funding for care providing; or**

- D) that for each of the last two years for which data is available, the yearly occupancy rate for the service at the applicant facility has exceeded the target occupancy rate.
- d) **Obstetric Service – Review Criterion.** The applicant must document the availability within the facility of an obstetric service capable of providing care to high-risk mothers. Documentation must include a detailed assessment of obstetric service capability. This requirement does not apply to a facility dedicated to the care of children.

*The applicants stated “Advocate Christ Medical Center is a Level III Perinatal Center, the highest designation given and only one of six in the State of Illinois. The Medical Center is nationally ranked as 25<sup>th</sup> in neonatal intensive care and 34<sup>th</sup> in pediatric cardiology and heart surgery by US News 2012-2013 Best Hospitals. The Medical Center receives both maternal and neonatal transfers from not only the local community but also from a regional referral market because the community hospitals do not have the specialists, technology and other resources to take care of complicated pregnancies and high risk infants. The Medical Center's 37-bed neonatal intensive care bed complement is inadequate to support either current or projected volume. The Medical Center is conservatively requesting 64 authorized neonatal beds. These beds will be redeveloped in space that includes the current unit as well as space vacated by the surgical delivery room, Phase I recovery rooms, and OB Triage. The Medical Center has provided a Letter of Agreement between the University of Illinois on Behalf of its Perinatal Center and EHS Christ Hospital and Medical Center (now known as Advocate Christ Medical Center), a letter of support from the Perinatal Network Administrator, and an overview of the Medical Center's full range of obstetric services, and curriculum vitae of specially trained anesthesiologists, specialists in maternal and fetal maternal care, neonatologists, specially trained nurses and other clinical support staff.”*

### **Neonatal Intensive Care Beds**

Advocate Christ Medical Center projected future neonatal intensive care bed need based on a CAGR trend to 2019. **This trend line suggested an annual growth rate of 5.8 percent and the need for 80 neonatal intensive care beds.** The Medical Center proposes to modernize the existing NICU space as well as vacated obstetric space to expand the NICU from 37 to 64 beds, or by 27 beds. The obstetric space must be vacated before the proposed NICU modernization can begin. The project schedule has construction of the NICU beginning in 2016 and completed in 2017, with 2019 being the second full year of utilization. Although the CAGR trend line suggests the need for as many as 80 neonatal intensive care beds by 2019, the Medical Center is

conservatively requesting only 64 beds. The increase in NICU capacity reflects the expectation that there will be more high risk infants as the number of women in the older childbearing age cohorts continues to increase and more high risk infants will need the unique services available at the Medical Center.

<b>TABLE 12</b> <b>Historical Utilization</b> <b>Neonatal Intensive Care Beds</b>				
		Patient Days	Percent Occupancy	# of Beds Justified
2010	37	10,910	82.00%	40
2011	37	11,641	87.60%	43

**The Obstetrical Service** at the Medical Center is capable of caring for high risk mothers. The Medical Center provides close medical and surgical coordination, multidisciplinary consultation; and supervision for mothers and infants requiring highly specialized treatment by highly trained personnel. The Medical Center's status as a Level HIC Perinatal Center confirms that it provides 24-hour access to anesthesia for labor, as well as perinatologists and neonatologists - specialists in maternal, fetal and newborn care.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE NEONATAL INTENSIVE CARE REQUIREMENTS CRITERION (77 IAC 1110.930))**

**XII. Section 1110.3030 – Clinical Service Areas Other Than Categories of Service – Review Criteria**

**c) Service Modernization**

The applicant shall document that the proposed project meets one of the following:

**1) Deteriorated Equipment or Facilities**

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

**2) Necessary Expansion**

The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

**3) Utilization**

**A) Major Medical Equipment**

Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.

**B) Service or Facility**

Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest two years, unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).

**C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.**

The following areas are being modernized as part of this project.

1. OB Triage
2. Labor/Delivery/Recovery
3. Surgical Delivery Rooms/C-Section Suite
4. Post Anesthesia Recovery (PACU), Phase I, and
5. Morgue.

The applicants provided historical data for all five departments listed above. The services are being located to the new patient tower to allow for additional space for these services and improve the efficiency and

effectiveness of the services being provided. A review of the historical data provided by the applicants would indicate that the expansion is necessary to meet the requirements of patient service demand. See pages 282-304 of the application for permit.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE REQUIREMENTS CRITERION (77 IAC 1110.3030))**

**XIII. 1120.120 - Availability of Funds**

**The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.**

The total estimated project cost is \$299,990,191 and the applicants will fund the project through cash and securities totaling \$96,481,789, and a bond issuance totaling \$203,508,402. The applicants also provided proof of its A-Bond Rating from Fitch's and Standard Poor's Rating Services. The applicants have met the requirements of this criterion.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1120.120)**

**XIV. 1120.130 - Financial Viability**

**a) Financial Viability Waiver**

**The applicant is NOT required to submit financial viability ratios if:**

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or**

**HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.**

- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA), or its equivalent; or**

**HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.**

- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.**

The total estimated project cost is \$299,990,191 and the applicants will fund the project through cash and securities totaling \$96,481,789, and a bond issuance totaling \$203,508,402. The applicants also provided proof of its A-Bond Rating from Fitch's and Standard Poor's Rating Services. The applicants have met the requirements of this criterion.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE FINANCIAL VIABILITY CRITERION (77 IAC 1120.130)**

**XV. 1120.140 - Economic Feasibility**

-

**Criterion 1120.140 (a) – Reasonableness of Financing Requirements**

**The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:**

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or**
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:**
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or**

- B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.**

The total estimated project cost is \$299,990,191 and the applicants will fund the project through cash and securities totaling \$96,481,789, and a bond issuance totaling \$203,508,402. The applicants also provided proof of its A-Bond Rating from Fitch's and Standard Poor's Rating Services. The applicants have met the requirements of this criterion.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF FINANCING ARRANGEMENTS CRITERION (77 IAC 1120.140 (a)).**

**B) Criterion 1120.140(b) - Conditions of Debt Financing**

**This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:**

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;**
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;**
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.**

The total estimated project cost is \$299,990,191 and the applicants will fund the project through cash and securities totaling \$96,481,789, and a bond issuance totaling \$203,508,402. The applicants also provided proof of its A-Bond Rating from Fitch's and Standard Poor's Rating Services.

The applicants have provided the necessary attestation at page 368 of the application for permit. The applicants have met the requirements of this



criterion.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TERMS OF DEBT FINANCING CRITERION (77 IAC 1120.140 (b)).**

**C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs**

**The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:**

- 1) Preplanning costs shall not exceed the standards detailed in Appendix A of this Part.**
- 2) Total costs for site survey, soil investigation fees and site preparation shall not exceed the standards detailed in Appendix A unless the applicant documents site constraints or complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**
- 3) Construction and modernization costs per square foot shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**

**HFSRB NOTE: Construction and modernization costs (i.e., all costs contained in construction and modernization contracts) plus contingencies shall be evaluated for conformance with the standards detailed in Appendix A.**

- 4) Contingencies (stated as a percentage of construction costs for the project's stage of architectural development) shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**

**HFSRB NOTE: Contingencies shall be limited in use for construction or modernization (line item) costs only and shall be**



included in construction and modernization cost per square foot calculations and evaluated for conformance with the standards detailed in Appendix A. If, subsequent to permit issuance, contingencies are proposed to be used for other component (line item) costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by HFSRB prior to that use.

- 5) New construction or modernization fees and architectural/engineering fees shall not exceed the fee schedule standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.
- 6) The costs of all capitalized equipment not included in construction contracts shall not exceed the standards for equipment as detailed in Appendix A unless the applicant documents the need for additional or specialized equipment due to the scope or complexities of the services to be provided. As documentation, the applicant must provide evidence that the costs are similar to or consistent with other projects of similar scope and complexity, and attest that the equipment will be acquired at the lowest net cost available, or that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
- 7) Building acquisition, net interest expense, and other estimated costs shall not exceed the standards detailed in Appendix A. If Appendix A does not specify a standard for the cost component, the applicant shall provide documentation that the costs are consistent with industry norms based upon a comparison with previously approved projects of similar scope and complexity.
- 8) **Cost Complexity Index (to be applied to hospitals only)**  
The mix of service areas for new construction and modernization will be adjusted by the table of cost complexity index detailed in Appendix A.

The State Agency notes the cost identified below are for clinical expenses only, and the appropriate complexity ratio was applied to the Means cost standard and inflate by 3% annually.

The applicants provided a list of impediments that have impacted the cost of the project. They are as follows:

- Temporary demolition and rebuilding of the Adult Medicine Clinic.
- Tight Urban Sight.
- Working around the existing loading dock incurs premiums for logistics and retention.
- Connecting the existing East/West Tower requires structural gymnastics to align floors and add double sided elevators with additional stops.
- Working adjacent to the main hospital entry requires temporary measures to protect the public.
- The Skylink Bridge to Surgery.
- Demolition of the West Garage.”

**Preplanning Costs** - These costs total \$1,240,265 or less than 1.2% of construction, contingency, and equipment costs. This appears reasonable compared to the State standard of 1.8%.

**Site Survey/Site Preparation Costs** - These costs total \$726,340 or 1.1% of construction, modernization and contingency costs. This appears to be reasonable compared to the State Standard of 5%.

**Off-Site Work** - These costs total \$1,578,390. The State Board does not have a standard for these costs.

**New Construction and a Proportionate Share of Contingencies** - This cost is \$52,159,935 or \$569.50 per GSF. This appears reasonable when compared to the adjusted State Board standard of \$577.21 per GSF.

**Modernization and a Proportionate Share of Contingencies** - This cost is \$15,179,550 or \$421.13. This appears reasonable when compared to the adjusted State Board standard of \$471.24.

**Contingencies** - This cost is \$5,072,044 or 8.1% of new construction and modernization costs. This appears reasonable when compared to the State Board standard of 10%-15% for new construction and modernization.

**Architectural and Engineering Fees** - This cost is \$4,030,778 or 5.99% of construction and contingency costs. This appears reasonable when compared to the State Board standard of 4.86% - 7.30%.

**Consulting and Other Fees** – These costs total \$3,462,880. The State Board does not have a standard for this cost.

**Moveable Equipment** - These costs total \$38,324,000. The State Board does not have an applicable standard for this criterion in relation to hospitals.

**Bond Issuance Expense** – These costs total \$932,500. The State Board does not have a standard for this cost.

**Net Interest Expense During Construction** – These costs total \$5,943,669. The State Board does not have a standard for this cost.

**Other Costs to be Capitalized** – These costs total \$9,452,756. The State Board does not have a standard for this cost.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140 (c)).**

**D) Criterion 1120.140 (d) - Projected Operating Costs**

**The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.**

The applicant projects \$3204.40 and \$3,238.00 as the projected operating cost per equivalent patient day for 2020 and 2021 respectively. The State Board does not have a standard for this cost.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT DIRECT OPERATING COSTS CRITERION (77 IAC 1120.140 (d)).**

**E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs**

**The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.**

The applicant projects \$217.57 as the capital cost per patient day for the both 2020 and 2021. The State Board does not have a standard for this cost.

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1120.140 (e)).**

[illegible]

Copyright © and (P) 1988–2006 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mappoint/>  
Portions © 1990–2005 InstallShield Software Corporation. All rights reserved. Certain mapping and direction data © 2005 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2005 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc.



<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
<b>ADMINISTRATOR NAME:</b>	Kenneth Lukhard			White	53.9%	Hispanic or Latino:	8.0%
<b>ADMINSTRATOR PHONE:</b>	708-684-5010			Black	33.9%	Not Hispanic or Latino:	72.7%
<b>OWNERSHIP:</b>	Advocate Health and Hospital Corporation			American Indian	0.5%	Unknown:	19.3%
<b>OPERATOR:</b>	Advocate Health and Hospital Corporation			Asian	0.8%	IDPH Number:	0315
<b>MANAGEMENT:</b>	Church-Related			Hawaiian/ Pacific	0.0%	HPA	A-04
<b>CERTIFICATION:</b>				Unknown:	10.8%	HSA	7
<b>FACILITY DESIGNATION:</b>	General Hospital						
<b>ADDRESS</b>	4440 West 95th Street	<b>CITY:</b> Oak lawn	<b>COUNTY:</b> Suburban Cook County				

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2011	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2011	Staff Bed Occupancy Rate %
<b>Medical/Surgical</b>	378	376	376	24,549	116,016	1,460	4.8	321.9	85.1	85.6
0-14 Years				0	0					
15-44 Years				4,162	22,355					
45-64 Years				8,110	39,358					
65-74 Years				4,782	23,103					
75 Years +				7,495	31,200					
<b>Pediatric</b>	45	45	45	3,553	12,595	793	3.8	36.7	81.5	81.5
<b>Intensive Care</b>	103	103	103	6,535	32,934	3	5.0	90.2	87.6	87.6
Direct Admission				5,260	26,508					
Transfers				1,275	6,426					
<b>Obstetric/Gynecology</b>	39	39	39	4,387	11,846	113	2.7	32.8	84.0	84.0
Maternity				3,744	10,469					
Clean Gynecology				643	1,377					
<b>Neonatal</b>	37	37	37	654	10,910	0	16.7	29.9	80.8	80.8
<b>Long Term Care</b>	0	0	0	0	0	0	0.0	0.0	0.0	0.0
<b>Swing Beds</b>				0	0		0.0	0.0		
<b>Acute Mental Illness</b>	51	35	35	1,453	9,588	0	6.6	26.3	51.5	75.1
<b>Rehabilitation</b>	37	37	37	911	12,536	0	13.8	34.3	92.8	92.8
<b>Long-Term Acute Care</b>	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	34					2163				
<b>Facility Utilization</b>	<b>690</b>			<b>40,767</b>	<b>206,425</b>	<b>4,532</b>	<b>5.2</b>	<b>578.0</b>	<b>83.763</b>	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
<b>Inpatients</b>	34.9%	19.1%	0.0%	41.3%	2.3%	2.4%	
	14244	7784	0	16821	937	981	40,767
<b>Outpatients</b>	21.2%	23.9%	0.0%	49.9%	4.4%	0.6%	
	67505	76133	0	158731	14047	1925	318,341

<u>Financial Year Reported:</u>	1/1/2011 to	12/31/2011	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
<b>Inpatient Revenue ( \$ )</b>	33.3%	12.7%	0.0%	49.3%	4.7%	100.0%			
	217,045,000	82,665,000	0	320,924,000	30,839,000	651,473,000	15,949,000		19,107,000
<b>Outpatient Revenue ( \$ )</b>	13.7%	2.1%	0.0%	75.5%	8.7%	100.0%			
	31,308,000	4,849,000	0	172,805,000	19,933,000	228,895,000	3,158,000		Total Charity Care as % of Net Revenue 2.2%

<u>Birthing Data</u>		<u>Newborn Nursery Utilization</u>		<u>Organ Transplantation</u>	
Number of Total Births:	4,042	Level 1 Patient Days	8,367	Kidney:	3
Number of Live Births:	4,012	Level 2 Patient Days	0	Heart:	16
Birthing Rooms:	0	Level 2+ Patient Days	3,619	Lung:	0
Labor Rooms:	0	Total Nursery Patientdays	11,986	Heart/Lung:	0
Delivery Rooms:	0			Pancreas:	0
Labor-Delivery-Recovery Rooms:	15	<u>Laboratory Studies</u>		Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0	Inpatient Studies	1,229,774	Total:	19
C-Section Rooms:	3	Outpatient Studies	476,315		
CSections Performed:	1427	Studies Performed Under Contract	0		

Cardiac catheterization includes pediatric (under 14) EP procedures in order to capture total volume.

**Surgery and Operating Room Utilization**

<b><u>Surgical Specialty</u></b>	<b><u>Operating Rooms</u></b>				<b><u>Surgical Cases</u></b>		<b><u>Surgical Hours</u></b>			<b><u>Hours per Case</u></b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	4	4	3180	536	11547	1179	12726	3.6	2.2
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	3	3	1990	2090	4559	3100	7659	2.3	1.5
Gastroenterology	0	0	2	2	4	1	7	2	9	1.8	2.0
Neurology	0	0	1	1	998	149	3674	356	4030	3.7	2.4
OB/Gynecology	0	0	2	2	872	1056	2929	1639	4568	3.4	1.6
Oral/Maxillofacial	0	0	1	1	56	57	113	120	233	2.0	2.1
Ophthalmology	0	0	1	1	50	1464	96	2015	2111	1.9	1.4
Orthopedic	0	0	5	5	2570	1782	7013	3349	10362	2.7	1.9
Otolaryngology	0	0	1	1	131	607	210	781	991	1.6	1.3
Plastic Surgery	0	0	2	2	574	940	1773	1638	3411	3.1	1.7
Podiatry	0	0	0	0	78	55	163	113	276	2.1	2.1
Thoracic	0	0	2	2	575	300	1377	496	1873	2.4	1.7
Urology	0	0	2	2	529	874	1370	1564	2934	2.6	1.8
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>26</b>	<b>11607</b>	<b>9911</b>	<b>34831</b>	<b>16352</b>	<b>51183</b>	<b>3.0</b>	<b>1.6</b>

**SURGICAL RECOVERY STATIONS**

Stage 1 Recovery Stations

19

Stage 2 Recovery Stations

16

**Dedicated and Non-Dedicated Procedure Room Utilization**

<b><u>Procedure Type</u></b>	<b><u>Procedure Rooms</u></b>				<b><u>Surgical Cases</u></b>		<b><u>Surgical Hours</u></b>			<b><u>Hours per Case</u></b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	5	5	3728	7348	3728	7348	11076	1.0	1.0
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<b><u>Multipurpose Non-Dedicated Rooms</u></b>											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

**Cardiac Catheterization Labs**

Total Cath Labs (Dedicated+Nondedicated labs):	6
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	2

**Emergency/Trauma Care**

Certified Trauma Center	Yes
Level of Trauma Service	<b>Level 1</b>
	Adult
	Not Answered
Operating Rooms Dedicated for Trauma Care	1
Number of Trauma Visits:	1,470
Patients Admitted from Trauma	978
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	50
Persons Treated by Emergency Services:	88,722
Patients Admitted from Emergency:	20,730
Total ED Visits (Emergency+Trauma):	<b>90,192</b>

**Cardiac Catheterization Utilization**

Total Cardiac Cath Procedures:	<b>4,787</b>
Diagnostic Catheterizations (0-14)	142
Diagnostic Catheterizations (15+)	2,803
Interventional Catheterizations (0-14):	213
Interventional Catheterization (15+)	1,183
EP Catheterizations (15+)	446

**Cardiac Surgery Data**

Total Cardiac Surgery Cases:	<b>1,110</b>
Pediatric (0 - 14 Years):	382
Adult (15 Years and Older):	728
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	460

**Outpatient Service Data**

Total Outpatient Visits	<b>318,341</b>
Outpatient Visits at the Hospital/ Campus:	273,151
Outpatient Visits Offsite/off campus	45,190

<b><u>Diagnostic/Interventional</u></b>	<b><u>Equipment</u></b>		<b><u>Examinations</u></b>			<b><u>Treatment Equipment</u></b>	<b><u>Owned</u></b>		<b><u>Contract</u></b>	<b><u>Therapies/ Treatments</u></b>
	<b><u>Owned</u></b>	<b><u>Contract</u></b>	<b><u>Inpatient</u></b>	<b><u>Outpt</u></b>	<b><u>Contract</u></b>		<b><u>Owned</u></b>	<b><u>Contract</u></b>		
General Radiography/Fluoroscopy	10	1	93,193	60,190	0	Lithotripsy	0	0	0	0
Nuclear Medicine	5	0	3,186	2,686	0	Linear Accelerator	0	2	12,499	0
Mammography	0	5	0	19,341	0	Image Guided Rad Therapy	0	0	0	0
Ultrasound	8	3	15,976	20,992	0	Intensity Modulated Rad Thrpy	0	0	2495	0
Angiography	2	0				High Dose Brachytherapy	1	0	226	0
Diagnostic Angiography			7,998	4,301	0	Proton Beam Therapy	0	0	0	0
Interventional Angiography			1476	525	0	Gamma Knife	0	0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0	Cyber knife	1	0	297	0
Computerized Axial Tomography (CAT)	5	1	22,823	17,887	0					
Magnetic Resonance Imaging	2	2	5,278	6,736	1,721					